

Message Text

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16

ACTION EA-10

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C O N F I D E N T I A L CANBERRA 1662

EO 11652: GDS

TAGS: AS, PINT

SUBJ: LIBERAL LEADERSHIP STRUGGLE AND DECLINING LIKELIHOOD OF
EARLY NATIONAL ELECTIONS

REF: CANBERRA 1495

1. SUMMARY: OVER THE WEEKEND, MARCH 14-16, TOP LIBERAL LEADERS CALLED FOR A SPECIAL MEETING OF THE PARTY PARLIAMENTARY CAUCUS TO BE HELD LATER THIS WEEK TO SETTLE THE PARTY'S LEADERSHIP DISPUTE. ON SUNDAY MARCH 16 LIBERAL LEADER SNEDDEN DEFENDED HIS LEADERSHIP AT THE VICTORIAN LIBERAL PARTY MEETING AND ANNOUNCED THAT THE LIBERALS WOULD NOT BLOCK THE GOVERNMENT'S SUPPLY BILL IN MAY. THE UPSHOT OF THESE DEVELOPMENTS IS THAT THE CHANCES OF FEDERAL PARLIAMENTARY ELECTIONS BEFORE THE END OF 1975 HAVE MARKEDLY DIMINISHED. END SUMMARY.

2. THE UPROAR IN THE LIBERAL PARTY BEGAN ON FRIDAY MARCH 14 WHEN THE SHADOW FOREIGN MINISTER, MHR ANDREW PEACOCK, ISSUED A STATEMENT CALLING FOR A RESOLUTION OF THE LIBERAL LEADERSHIP ISSUE AS SOON AS POSSIBLE. WHILE REAFFIRMING HIS PERSONAL SUPPORT FOR SNEDDEN, PEACOCK SAID THAT CONTINUED UNCERTAINTY OVER THE LEADERSHIP OF THE PARTY WAS DAMAGING THE LIBERALS. PEACOCK'S STATEMENT WAS SUPPORTED BY FORMER PRIME MINISTER MCMAHON, FORMER PRIME MINISTER JOHN GORTON AND MHR TONY STALY WHO LED THE MOVEMENT TO UNSEAT MR. SNEDDEN AND REPLACE HIM WITH MHR MALCOLM FRASER LAST
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NOVEMBER. GORTON, WHO HAS BITTERLY OPPOSED FRASER AS LIBERAL

LEADER, SAID THAT ISSUE SHOULD BE RESOLVED AND WHAT HE CALLED QTE MIASMA OF FRASERHOOD END QTE DISSIPATED.

3. AUSTRALIAN PRESS MAR 17 REPORTS THAT A MEETING WAS HELD IN MELBOURNE ON THE EVENING OF MARCH 16 TO DISCUSS THE LIBERAL LEADERSHIP. THE MEETING AT THE APARTMENT OF LIBERAL SENATOR SIR MAGNUS CORMACK WAS ATTENDED BY DEPUTY OPPOSITION LEADER LYNCH, SENATOR ROBERT COTTON, SENATOR PETER DURACK, LIBERAL WHIP MHR R.V. GARLAND, AND MHR MALCOLM FRASER. THE MEETING REPORTEDLY DISCUSSED FRASER'S CHALLENGE FOR THE LIBERAL LEADERSHIP, MR. LYNCH'S RETENTION OF THE DEPUTY LEADERSHIP IF ELECTIONS FOR ALL LIBERAL LEADERSHIP POSITIONS ARE HELD, RETENTION OF SENATOR WITHERS AS LIBERAL LEADER IN THE SENATE, A PLANNED CHALLENGE BY SENATOR COTTON TO THE DEPUTY LEADERSHIP POST IN THE SENATE NOW HELD BY SENATOR IVOR GREENWOOD, AND THE LINE TO BE TAKEN AT SHADOW CABINET MEETING IN MELBOURNE MAR 18. THERE ARE THREE INDICATIONS THAT THIS MEETING WAS NOT GOOD NEWS FOR MR. SNEDDEN. FIRST, HE REPORTEDLY WAS UNAWARE THAT IT WAS BEING HELD. SECOND, IT WAS ATTENDED BY A NUMBER OF LIBERAL SENATORS, SEVERAL OF WHOM HAD SUPPORTED SNEDDEN IN THE PAST. THIRD, DEPUTY LEADER LYNCH WHO HAS UP TO NOW BEEN A STRONG SNEDDEN SUPPORTER ATTENDED. IF HE IS PREPARED TO DROP HIS SUPPORT FOR SNEDDEN IN RETURN FOR SUPPORT TO CONTINUE AS DEPUTY LEADER, SNEDDEN IS PROBABLY FINISHED.

4. IN A RELATED DEVELOPMENT SNEDDEN MADE A FIGHTING SPEECH ON MARCH 16 DEFENDING HIS LEADERSHIP AT A VICTORIAN LIBERAL PARTY MEETING. HE MADE IT CLEAR THAT HE WOULD FIGHT TO RETAIN THE LEADERSHIP, AND SAID THE CHALLENGE TO HIM WAS PART OF A LABOR CAMPAIGN AIDED BY JOURNALISTS. HE ALSO PLEDGED NOT TO BLOCK THE LABOR GOVERNMENT'S SUPPLY BILL IN MAY. THIS MOVE WAS DESIGNED TO APPEAL TO THOSE LIBERALS WHO ARE NERVOUS ABOUT AN EARLY ELECTION.

5. BOTH MHR FRASER AND MHR PEACOCK WERE AT THE VICTORIAN LIBERAL CONFERENCE ON MARCH 15 LOBBYING FOR SUPPORT.

6. COMMENT: WHATEVER THE OUTCOME OF THE LIBERAL LEADERSHIP CONTEST, IT MARKEDLY REDUCES THE PROSPECTS FOR AN EARLY ELECTION. IF THE LEADERSHIP CONTEST IS A CLOSE ONE AND FRASER WINS, HE
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WILL NEED TIME TO COORDINATE HIS LEADERSHIP. HE TOLD ONE EMBASSY OFFICER RECENTLY THAT SNEDDEN MIGHT BE UNSEATED AS LEADER ON A 33 TO 30 VOTE. IF SNEDDEN SURVIVES AS LEADER HE HAS NOW PLEDGED NOT TO OPPOSE THE GOVERNMENT'S SUPPLY BILL IN MAY AND HENCE COULD NOT FORCE ELECTIONS UNTIL THE END OF THE YEAR WHEN THE NEW BUDGET IS PRESENTED.

7. HOWEVER, THIS SERIES OF DEVELOPMENTS IN THE LIBERAL PARTY

DOES NOT RPT NOT ENTIRELY DISPOSE OF POSSIBILITY OF ELECTIONS.
OPPOSITION MAINTAINS EFFECTIVE CONTROL OF SENATE AND CAN BE
EXPECTED TO CONTINUE TO OPPOSE PORTIONS OF LABOR GOVERNMENT
LEGISLATIVE PROGRAM. IF PRIME MINISTER WHITLAM BECOMES
SUFFICIENTLY EXERCISED AT WHAT HE HAS DESCRIBED AS QTE
FRUSTRATION END QTE OF HIS PROGRAM, HE CAN CALL ELECTIONS FOR BOTH
HOUSES AT ANY TIME. AS OF NOW, ELECTIONS PROSPECTS REMAIN UN-
FAVORABLE FOR LABOR GOVERNMENT, THOUGH THEY HAVE IMPROVED
SINCE LAST DECEMBER.
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